

TEACHERS' RETIREMENT BOARD
BUDGETS AND AUDITS COMMITTEE

SUBJECT: Quarterly Audit Status Report

ITEM NUMBER: 7

ATTACHMENT(S): 3

ACTION:

DATE OF MEETING: April 5, 2001

INFORMATION: X

PRESENTER(S): Way Lee

The following is our quarterly report on the status of the Office of Audits' FY 2000-01 school district audits; internal audits, including special projects; and compliance case reviews as of March 20, 2001.

SCHOOL DISTRICT AUDITS:

Current Audits:

The School District Audit Section began new audits of the Oakland Unified School District and West Contra Costa Unified School District (Defined Benefits Program) and West Contra Costa Unified School District (Cash Balance Benefit Program) and issued two draft reports and one final Reporting Self-Assessment (RSA) report during the third quarter. Two draft reports are in progress.

Additionally, the School District Audit Section started a field survey to determine if community colleges are properly reporting service credit (full-time equivalents) for their CalSTRS members. Details of the status of current audits are provided in the fiscal year-to-date (FYTD) Status Report at Attachment 1. The following table provides a summary of the status of current audits:

School District Audits/Projects
Third Quarter (01/01/01 – 03/20/01)

Fieldwork or RSA work in progress	5
Drafting report/review	2
Draft Issued/Completing final report	2
Awaiting management's response	0
Final S/D audit report or RSA report issued	<u>1</u>
Total Audits and Self-Assessments:	10

INTERNAL AUDITS:

During the third quarter of FY 2000-01 (from 1/22/01 to 3/20/01) internal audit staff completed one audit and four special projects. In addition, staff started three new audits and three new special projects. Staff also worked on one audit and three special projects that were in progress as of 3/20/01. Details of these audits/projects are included within the Internal Audits FY 2000-01 Status Report at Attachment 2.

The following table provides a summary of the status of internal audits/projects worked on during the period covered by this report:

Internal Audits/Projects **FY 2000/01 Third Quarter (1/22/01 - 3/20/01)**

Planning/Fieldwork in progress or project ongoing (as of 3/20/01)	9
Drafting report/review	1
Draft Issued/Completing final report	0
Awaiting management's response	0
Project completed (report/memo not applicable)	2
Final report/memo issued	<u>3</u>
Total Audits/Projects worked on during period:	15

COMPLIANCE CASE REVIEWS:

During the period of January 1, 2001, through March 20, 2001, the Compliance Unit staff completed two compliance cases and referred 15 compliance cases to School District Audits. Ten referrals are being reviewed as part of three current audits and five referrals are scheduled to be incorporated into an audit later this fiscal year.

The table below is a summary of the status of compliance cases for this period. This data is supported by Attachment 3, which provides details of the cases.

Compliance Cases **Fiscal Year 2000/01 Third Quarter (01/01/01 through 03/20/01)**

Cases from a prior period	36
Cases started during this period	0
Less final reports issued/referred to School District Audits	<u>(17)</u>
Total Cases in Progress at the End of the Period:	19

OFFICE OF AUDITS

**SCHOOL DISTRICT AUDITS/SPECIAL PROJECTS: FYTD STATUS REPORT
 As of March 20, 2001**

Audit	Month Started	Target for Final Report	Status of Audit	Date of Final Report
Berkeley Unified – Cash Balance	2/00	10/00	Final Report Issued	12/19/00
Berkeley Unified - Defined Benefit	2/00	05/01	Draft report issued 3/14/01	
Hayward Unified – Defined Benefit	3/00	05/01	Draft report issued 3/06/01	
San Francisco Unified – Defined Benefit	9/00	05/01	Draft report being reviewed by the Audit Review Committee	
Lassen Community College – Defined Benefit	10/00	04/01	Draft report being reviewed by the Audit Review Committee.	
Yuba Community College District – Cash Balance	11/00	06/01	Field work in progress	
Oakland Unified – Defined Benefit	2/01	07/01	Field work in progress	
West Contra Costa Unified – Cash Balance	2/01	07/01	Field work in progress	

Audit	Month Started	Target for Completion	Status of Project	Date of Final Report or Memo
West Contra Costa Unified – Defined Benefit	2/01	08/01	Field work in progress	

Special Project	Month Started	Target for Final Report	Status of Audit	Date of Final Report
Community College Service Credit Survey	3/01	4/01	Fieldwork in progress	
Control Self-Assessment of Lassen County Office of Education	10/00	12/00	Final report issued to Lassen COE	12/11/00
Control Self-Assessment of Stanislaus County Office of Education	1/01	2/01	Final report issued to Stanislaus COE	02/27/01
Control Self-Assessment of Yuba Community College District	11/01		RSA dropped per direction of Chief Auditor	

OFFICE OF AUDITS
INTERNAL AUDITS: FY 2000-01 STATUS REPORT
FYTD as of March 20, 2001

AUDIT PROJECTS

Audit	Month Started	Target for Final Report	Status of Audit	Date of Final OOA Report
Information Security Office Review	2/00	Complete	Review complete. Final report issued to CEO and DCEO in July 2000.	6/30/00
Soft Dollar Program	8/00	4/01	<i>Fieldwork complete. Draft report in progress.</i>	
SAM 20000 Review of EDP Internal Controls, Admin. Branch	12/00	Complete	<i>Review of EDP controls complete. Memo sent to management 3/01.</i>	(memo) 3/20/01
<i>SAM 20000 Review of Expenditure Controls, Admin. Branch</i>	3/01	5/01	<i>Planning in progress.</i>	
<i>Real Estate – Preliminary Review of Internal Controls</i>	2/01	6/01	<i>Planning in progress.</i>	
<i>Internal Equities – Preliminary Review of Internal Controls</i>	3/01	6/01	<i>Planning in progress.</i>	

SPECIAL/OTHER PROJECTS

Special Project	Month Started	Target for Completion	Status of Project	Date of Final OOA Report
START Projects.	11/97	<i>Complete</i>	<i>START scheduled for implementation on 3/19/01. Our post audit review scheduled for FY 2001-02.</i>	N/A
Develop Fraud Policy for CalSTRS.	10/99	6/01	Work on this project has been postponed. To resume 6/01.	
Risk Assessment – Investments Branch	3/00	Complete	Reported to the TRB 10/12/00.	9/25/00
CPA coordination: FY 99/00 Fin. Stmts.	6/00	Complete	External auditor's F/S & Mngmt. Reports were issued 10/00 & 12/00, respectively.	N/A
Audit Leverage Software Implementation	7/00	<i>Ongoing</i>	Time-tracking module initiated 9/00. <i>Implementation of other modules in progress.</i>	N/A
AB 1509 Implementation Team	7/00	<i>Complete</i>	<i>AB 1509 teamwork completed.</i>	N/A
Internal Audits Follow-Up, Qtr. 1-FY 00/01	8/00	Complete	Reported to TRB on 10/12/00.	9/25/00
Information Security-Best Practices	8/00	Complete	Project complete. Reported to Admin. Br. DCEO 9/00.	9/19/00
Feasibility Study for E-Services (Panel with ITSD staff)	8/00	Complete	OOA's Participation on panel completed 10/00. ITSD staff will finalize project.	N/A
Perform Information Security Office (ISO) Functions	9/00	<i>4/01</i>	<i>ISO position filled. Some assistance still being provided by EDP auditor.</i>	N/A
Internal Audits Follow-Up, Qtr. 2-FY 00/01	1/01	Complete	Reported to TRB on 2/08/01.	1/22/01
<i>Internal Audits Follow-Up, Qtr. 3-FY 00/01</i>	<i>2/01</i>	<i>Complete</i>	<i>Reported to TRB on 4/05/01.</i>	<i>3/20/01</i>
<i>CPA coordination: FY - 00/01 Fin. Stmts.</i>	<i>2/01</i>	<i>12/01</i>	<i>Analysis of GASB 34 impact in progress.</i>	N/A
Technical Assistance: <ul style="list-style-type: none"> • I&FS Br–Acctng • Inv/Br–Real Estate • CB&S Br–Recon. Items • Inv/Br-ETD Team 	11/00 11/00 2/01 3/01	<i>Complete</i> 4/01 4/01 5/01	<i>Completed analysis 1/01. Research re-started 3/01. Analysis in progress. Teamwork in progress.</i>	<i>(memo)</i> 2/2/01

OFFICE OF AUDITS
COMPLIANCE CASES: STATUS REPORT
Fiscal Year 2000-2001
July 1, 2000 through March 20, 2001

Number	Assignments	Status
	Cases in Progress FYTD as of March 20, 2000 (19):	
C-2261	Ventura Community College	Case work in progress.
C-2267	Shaffer Unified School District	Case work in progress.
C-2279	Santa Cruz County Office of Education	Case work in progress.
C-2280	Santa Cruz County Office of Education	Case work in progress.
C-2281	Santa Cruz County Office of Education	Case work in progress.
C-2282	Santa Cruz County Office of Education	Case work in progress.
C-2286	Los Angeles Unified School District	Case work in progress.
C-2287	Los Angeles Unified School District	Case work in progress
C-2311	Lassen Unified High School District	Case work in progress
C-2312	Lassen Unified High School District	Case work in progress
C-2313	Lassen Unified High School District	Case work in progress
C-2314	Lassen Unified High School District	Case work in progress
C-2315	Lassen Unified High School District	Case work in progress
C-2316	Lassen Unified High School District	Case work in progress
C-2317	Lassen Unified High School District	Case work in progress
C-2318	Lassen Unified High School District	Case work in progress

Number	Assignments	Status
C-2319	Lassen Unified High School District	Case work in progress
C-2320	Lassen Unified High School District	Case work in progress
C-2321	Lassen Unified High School District	Case work in progress

	Final Reports Issued and Referrals to District Audits FYTD From July 1, 2000 through March 20, 2001 (42):	
Number	Assignments	Status
C-2263	Lassen Community College District	Referred to District Audits 11/00
C-2264	Lassen Community College District	Referred to District Audits 11/00
C-2265	Lassen Community College District	Referred to District Audits 11/00
C-2164	Oakland Unified School District	Referred to District Audits 01/01
C-2167	Oakland Unified School District	Referred to District Audits 01/01
C-2226	West Contra Costa USD	Referred to District Audits 01/01
C-2227	West Contra Costa USD	Referred to District Audits 01/01
C-2228	West Contra Costa USD	Referred to District Audits 01/01
C-2229	West Contra Costa USD	Referred to District Audits 01/01
C-2230	West Contra Costa USD	Referred to District Audits 01/01
C-2266	Susanville Elementary Scholl District	Final Report Issued 12/5/00
C-2268	Ravendale Elementary School District	Final Report Issued 11/03/00
C-2273	Chowchilla Union High School District	Final report issued 7-3-00
C-2277	Victor Valley Community College District	Final Report Issued 12/13/00
C-2283	Los Angeles County Office of Education	Final report issued 7-18-00
C-2284	Yuba City Unified School District	Final Report Issued 11/20/00.

Number	Assignments	Status
C-2285	Yuba City Unified School District	Final Report Issued 11/20/00
C-2288	Alisal Union elementary School District	Final Report Issued 12/13/00
C-2289	Lake Elsinore Unified School District	Final Report Issued 12/5/00
C-2290	Riverside County Office of Education	Final report issued 7-3-00
C-2291	Suisun Unified School District	Final report issued 8-30-00
C-2292	Orange Unified School District	Final report issued 8-25-00
C-2293	Garden Grove Unified School District	Final report issued 9-11-00
C-2294	North Orange County Community College District	Final report issued 9-5-00
C-2295	North Orange County Community College District	Final report issued 8-16-00
C-2296	Capistrano Unified School District	Final report issued 9-12-00
C-2297	North Orange County Community College District	Final Report Issued 8/25/00
C-2298	Orange Unified School District	Final Report Issued 11/21/00
C-2299	Belmont Elementary School District	Final Report Issued 8/1/00
C-2300	Freemont Union High School District	Final Report Issued 9/11/00
C-2301	Freemont Union High School District	Final Report Issued 9/1/00
C-2307	Riverside County Office Of Education	Final Report Issued 11/17/00
C-2308	Freemont Unified School District	Final Report Issued 10/26/00
C-2309	Rio Linda Unified Elementary School District	Final Report Issued 10/25/00
C-2310	Desert Sands Unified School District	Final Report Issued 11/2/00
C-2127	Gilroy Unified School District	Final Report Issued 1/29/01

Number	Assignments	Status
C-2168	San Joaquin Delta Community College	Final Report Issued 2/16/01
C-2302	Santa Cruz Regional Occupational Center	Referred to District Audits 03/01
C-2303	Santa Cruz Regional Occupational Center	Referred to District Audits 03/01
C-2304	Santa Cruz Regional Occupational Center	Referred to District Audits 03/01
C-2305	Santa Cruz Regional Occupational Center	Referred to District Audits 03/01
C-2306	Santa Cruz Regional Occupational Center	Referred to District Audits 03/01